

HOUSE BILL 2419
By Kernell

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 25, relative to tax-sheltered compensation plans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 25, is amended by adding Sections 2 through 6 of this act as new Part 6.

SECTION 2. The state treasurer is directed to develop and obtain internal revenue service approval of a Roth IRA for state employees. The responsibility for implementation of the plan for employees of institutions of higher education may be delegated by the state treasurer to the chancellor of the board of regents for employees of institutions thereunder and to the president of the University of Tennessee for employees of institutions thereunder. The responsibility for implementing the plan for state employees who are not paid on either the centralized state payroll system or by an institution of higher education may be delegated as determined by the state treasurer.

SECTION 3.

(a) Beginning on January 1, 2005, the state shall provide for employer matching of contributions to the plan on behalf of participating state employees who are eligible to participate in the Tennessee consolidated retirement system or the optional retirement program established pursuant to chapter 35, part 4 of this title. The employer match shall equal twenty dollars (\$20.00) per month for the first twenty dollars (\$20.00) contributed by each such state employee per month, unless the employee elects, on a form prescribed by the state treasurer,

to have the employer matching based on the amount contributed by the employee from the employee's longevity pay. If the employee makes such an election, the employer match shall equal the amount contributed by such state employee from the employee's longevity pay, up to the sum total contributed by the state for those participating employees who did not make the election.

(b) Notwithstanding this section or any other provision of law to the contrary, the amount of the employer matching shall not exceed the maximum allowed under the Internal Revenue Code, and shall conform to all applicable laws, rules and regulations of the internal revenue service governing individual retirement accounts for state employees.

(c) It is the legislative intent that the employer match pursuant to this section shall be provided each fiscal year only if the general appropriations act for the fiscal year contains an appropriation to provide for such matching amount.

SECTION 4.

(a) Any political subdivision or instrumentality of the state, by resolution or ordinance of its governing body, is authorized to make available to its employees a Roth IRA.

(b) Any entity other than a political subdivision participating in the Tennessee consolidated retirement system which has fewer than five (5) employees may request permission of the state treasurer to participate in the state plan. The state treasurer shall have full authority to grant permission, taking into account the number and location of employees of the entity, its financial soundness, the entity's status with the Tennessee consolidated retirement system, and other factors deemed relevant by the state treasurer. If permission is granted, such participation shall be in accordance with the terms specified by the state treasurer.

SECTION 5. Any medical records submitted to, or compiled by, any person or entity providing a Roth IRA pursuant to this part are confidential and shall not be disclosed except as provided under § 8-25-109.

SECTION 6. The provisions of § 8-25-110 shall apply whenever a subpoena duces tecum is served upon any person or entity administering or providing services to a Roth IRA established pursuant to this part.

SECTION 7. Tennessee Code Annotated, Section 8-25-109(a), is amended in the first sentence by deleting the language “pursuant to this part” and by substituting instead the language “or a Roth IRA pursuant to this chapter”.

SECTION 8. Tennessee Code Annotated, Section 8-25-110(a), is amended by deleting the language "established pursuant to this part" and by substituting instead the language “or Roth IRA established pursuant to this chapter” and by deleting the language “compensation plan relating to” and by substituting instead the language “compensation plan or Roth IRA relating to”.

SECTION 9. This act shall take effect upon becoming a law, the public welfare requiring it.